

## Message Text

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67

ACTION ARA-10

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01

COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07 INT-05 L-03

NSAE-00 NSC-05 OMB-01 PM-04 USIA-06 SAM-01 OES-03

SP-02 SS-15 STR-04 TRSE-00 FEA-01 /090 W

----- 089837

P R 221938Z OCT 75

FM AMEMBASSY SANTO DOMINGO

TO SECSTATE WASHDC PRIORITY 5106

INFO AMEMBASSY PORT

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E.O. 11652: N/A

TAGS: ENRG, SD

SUBJECT: BALAGUER ANNOUNCES SWEEPING ENERGY CONSERVATION MEASURES  
AND OFFER TO PURCHASE SHELL REFINERY

REF: (A) SD-4627; (B) SD-4712

1. IN A TELEVISED SPEECH OCTOBER 20 PRESIDENT BALAGUER ANNOUNCED  
SWEEPING NEW ENERGY CONSERVATION MEASURES, DEFENDED HIS GOVERNMENT  
ON THE ELECTRICITY SHORTAGE, AND ANNOUNCED THE GODR IS PREPARED TO BUY

OUT IN CASH (U.S. DOLLARS) THE OTHER HALF OF THE COUNTRY'S ONLY OIL  
REFINERY WHICH THE GOVERNMENT JOINTLY OWNS WITH SHELL (REPORTED  
REFTEL (B). COINCIDENT WITH THE SPEECH, BALAGUER DECREED AN  
INCREASE IN GASOLINE PRICES FROM 67 CENTS PER GALLON TO 84 CENTS,  
THE CLOSING OF CINEMAS ON TUESDAYS, THE CESSATION OF TELEVISION  
PROGRAMS SATURDAY EVENINGS FROM SIX TO 10 O'CLOCK, AND THE  
"RATIONING" OF BLACKOUTS ACCORDING TO PREVIOUSLY ANNOUNCED SCHEDULES  
(SEE REXLHA).

2. HE INDICATED THAT ONE CENT OF THE 17-CENT PRICE RISE IN GASOLINE  
WOULD BE SET ASIDE TO ASSIST THE PURCHASE OF CITY BUSES IN SANTO  
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DOMINGO TO REPLACE INDIVIDUAL TAXIS WHICH PRESENTLY CONSTITUTE

THE CAPITAL'S ONLY FORM OF PUBLIC TRANSPORTATION AND TO ASSIST  
THE PURCHASE OF OTHER BUSES FOR INTER-CITY TRANSPORTATION.

3. THE PRESIDENT ALSO SAID THAT THE PRICE OF OTHER PETROLEUM  
PRODUCTS, SUCH AS DIESEL OIL, FUEL OIL, AND BOTTLED GAS FOR  
COOKING, WOULD REMAIN FROZEN.

4. IN A SECTION OF THE SPEECH WHICH IMMEDIATELY GAVE RISE  
TO SOME COMMENT ABOUT ITS PRACTICALITY, THE PRESIDENT SAID THAT LARGE

PRIVATE FIRMS SUCH AS THE METAL WORKS OF THE VICINI FAMILY, THE  
PETROLEUM REFINERY, AND CEMENT INDUSTRY COULD IMPORT THEIR OWN  
ELECTRIC PLANTS WHICH MIGHT ALSO SERVE THEIR NEIGHBORS. BALAGUER ADDED

THE GODR'S COMMERCIAL BANK WOULD LEND FINANCING FOR SUCH PRIVATELY-  
OWNED PLANTS.

5. BALAGUER BLAMED THE CURRENT ELECTRIC POWER SHORTAGE ON NATURAL  
FORCES SUCH AS THE DROUGHT WHICH HAD PRECLUDED THE GENERATING OF  
ANTICIPATED  
HYDROELECTRIC POWER.

6. HE ALSO ANNOUNCED THAT IN THE FUTURE THE SECRETARY OF  
INDUSTRY AND COMMERCE WOULD HAVE THE POWER AUTOMATICALLY TO ADJUST  
UPWARD THE PRICE OF PETROLEUM PRODUCTS WHENEVER THE WORLD PRICE OF  
OIL IS INCREASED.

7. THE MEMBERS OF THE POWERFUL CHAUFFERS UNION NOW OWN MANY  
OF THE INDIVIDUAL CARS WHICH OPERATE AS THE COUNTRY'S ONLY  
SIGNIFICANT FORM OF PUBLIC GROUND TRANSPORTATION, AND THEY ARE BEING  
GIVEN THE OPPORTUNITY OF BECOMING JOINT OWNERS OF THE BUSES WHICH  
ARE TO REPLACE THEM. THE UNION HAS ANNOUNCED NEVERTHELESS  
THAT IT IS SUPPORTING A MOVE IN THE COMINICAN CONGRESS TO NATION-  
ALIZE THE FOUR GASOLINE DISTRIBUTION COMPANIES DEPENDENT UPON THE  
REFINERY: TEXACO, ESSO, ARCO, AND SHELL. THE CHAUFFERS ARE ALSO  
CONSIDERING A NATIONWIDE STRIKE FOR FRIDAY.

8. COMMENT: SINCE BALAGUER ANNOUNCED IN HIS SPEECH THAT HE  
WILL ALLOW NO WIDER PROFIT MARGIN THAN THE EARLIER 6.4 CENTS  
PER GALLON, THE 17-CENT PRICE INCREASE APPEARS TO BE PRIMARILY  
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A MEASURE TO REDUCE CONSUMPTION. AT THE BEGINNING OF THE  
SUMMER, BALAGUER DECREED THE CLOSING OF GASOLINE STATIONS  
THROUGHOUT THE COUNTRY ON SUNDAYS AND OTHER HOLIDAYS, BUT  
GASOLINE CONSUMPTION HAS CONTINUED TO RISE. ACCORDING TO  
BALAGUER'S SPEECH THE NEW 10 PERCENT INCREASE IN WORLD PETROLEUM  
PRICES MEANS AN ADDED COST TO THE DR OF \$12 MILLION ANNUALLY  
IN FOREIGN EXCHANGE. THE SHARP INCREASE IN THE PRICE OF  
GASOLINE AND THE EVENTUAL REPLACEMENT OF INDIVIDUAL CARS BY BUSES

FOR URBAN AND INTER-URBAN TRANSPORTATION SHOULD RESULT IN A  
CONSIDERABLE REDUCTION IN GASOLINE CONSUMPTION.  
AXELROD

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## Message Attributes

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